

Chargé

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Document No. 010
 NO CHANGE in Class. ☒ ~~CONFIDENTIAL~~
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 Class. CHANGED TO: TS S C
 DDA Memo, 4 Apr 77
 Auth: DDA, 77/1763
 Date: 30/03/78 By: []

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CENTRAL INTELLIGENCE GROUP INTELLIGENCE REPORT

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COUNTRY Poland

DATE:

INFO. June 1946

SUBJECT Flour Mills in Silesia

DIST. 30 October 1946

PAGES 33

SUPPLEMENT

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DISTRIBUTION

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STATE	WAR	NAVY JUSTICE

1. The German flour mills industry was very extensively developed, and it numbered more than 1600 flour mills in Silesia. It was working for export by grinding local grain as well as grain brought from other parts. After the capture of Wroclaw (Breslau) and Lower Silesia, the Soviets took over the major part of the extensive mill centers, in order to grind grain for their own consumption. The remaining flour mills were safeguarded by the "Operational Groups of the Economic Committee of the Council of Ministers", which were appointed to take over the former German property. These were for the most part abandoned mills or mills gradually handed over to the Poles (to the temporary State administration), as groups of retreating Soviet units withdrew, as well as mills in a completely devastated state with belts and all important parts of installations missing. It was only due to the initiative of some Poles that a few of the flour mills fell into Polish hands in comparatively good condition (e.g., the "Union of Electrical Mills" in Breslau). 50X1-HUM
 Comment: Probably the Schlesische Mühlenwerke AG.)
2. In contravention of the Soviet-Polish agreement of September 1945, by which the Soviets were to keep only a number of ex-German factories and to hand over to the Poles all the flour mills, apart from a few large grain elevators, the Soviets have retained in Lower Silesia some ten large flour mill centers which grind grain for the needs of the Red Army and for trading purposes.
3. When, in July 1945, some of the flour mills, together with grain products, were handed over to the Poles, the Minister of Food passed them on to the Union of Food Industries; this gave rise to trouble between the Director of the Mills, who was member of the PRL, and the temporary managers of the various mills who had been appointed by the Voivodes (Provinces), Starostas (Mayors), the temporary State Administration Office, the Land Offices, the Municipal Administrations, etc. Various people profited by the initial chaos when the mills were assigned, after a cursory investigation as to their suitability, to applicants and favored candidates, frequently persons of poor character, anxious to make their fortune quickly and appointed without any authority of the State.
4. The chaos and abuses in the flour mill industries were only partly counteracted by the creation in the autumn of 1945 of a Union of Flour Mill Industry (which was thus excluded from the Union of Food Industries) and by

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planning a milling program within the framework of the general economy of the State. The planning scheme of the Flour Mill Industry comprised at first only the large key mills - some hundred of them - and later on approximately 40 mills in Lower Silesia.

5. The smaller mills were taken over again by the Voivodates, who handed them over to the Peasant Mutual Aid Union, to the Co-operatives and to private tenants. The norms laid down are not high in relation to the milling capacity of the mills; but even so they cannot be achieved, mainly because of grain shortage and the dishonesty of the favored managers who exploit the mills for their own profit. State control is beginning to take action, but is delayed and rendered difficult because means of communication are lacking.
6. Recently, party influence of the PPR has begun to play a predominant role in the Union of the Flour Mill Industry; personnel appointments and transfers are dictated by party reasons, and merit and knowledge of the work are at a discount. For example, the manager of the Electric Mills in Wroclaw (Breslau), Major Alexander Nizynski, was removed to make room for a PPR candidate, Osip, an expert from beyond the Bug River (Curzon Line) and director of the Union of the Flour Mill Industry, has also been removed from his post.

7. Milling charges in force at present are:

in kind: rye - 6%, of which 4% is turned over to the State (Food Office).
 - 4% to cover milling waste, in which the State has been recently taking a share of 2%.

wheat - 9%, of which 6% is turned over to the State.
 - 4% to cover milling waste, in which the State has been recently taking a share of 2%.

In addition, a cash payment of 15-30 zloty per 100 kg is taken by the mills.

For milling grain surrendered on quotas, the mills have a right to charge cash only and deduct 4% for waste. In this way the mills would have a loss of 100 zloty for each 100 kg when milling grain delivered on quotas.

The Food Office is now working out new milling charges on a more practical basis.

8. The scheme aims at the elimination of small mills and ensuring cheap flour for the non-agricultural population. In practice, all mills under private management are still very prosperous, and the millers and managers of even large mills are still working to a large extent for their own profit.
9. At present, the greatest problem facing the Mill Industry is how to obtain grain for grinding. The basis of the income of mills is the grinding of grain in the free market. In view of the regulation which has been passed and which permits anyone to grind grain, grain itself has been bought up in the first place by bakers and then by speculators of various kinds, including Russians, who profit by the low cost of grinding and prefer to buy grain and have it ground themselves. The "Fundusz Aprowizacyjny" (Provision Fund) is trying to purchase grain in Lower Silesia, but its methods are somewhat inefficient; and, in view of the price differences in Lower Silesia and Central Poland, speculators favored by government institutions export not only to Central Poland but also to Czechoslovakia and Germany. Private initiative, which is not fettered by controlled prices, finds it

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easier to purchase grain than do government or social institutions - even when it is purchased from the Russians.

10. At present, the Flour Mill Industry in Lower Silesia is to be once more reorganized. As from 1 July 1946, by government decree, the key milling industries are to be handed over to the "Spolem" Co-operative, and the key positions in the Central Union of Flour Mill Industry in Warsaw are to be staffed by employees of the "Spolem" Co-operative.

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